

prison  
entrepreneurship  
program

Business Plan Competition  
January 23-24, 2020

Jimmy  
MSI Construction

Prison Entrepreneurship Program  
P.O. Box 926274  
Houston, TX 77292  
(832) 767-0928  
[www.pep.org](http://www.pep.org)

# *MSI Construction*

*“Modern concepts for the future”*

Business Plan  
January 2020

*Jimmy*  
Owner & Founder

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**EXECUTIVE SUMMARY**

<b>Opportunity</b>	<b>Purpose</b>	<b>Solution</b>																																				
<p>This is an opportunity to position ourselves as a premier custom concept builder.</p>	<p>At MSI we envision new and modern communities built around familiar future visions. We allow our innovation and servant-leadership to create your future home.</p>	<p>As visionaries we build modern communities.</p>																																				
<b>Customers</b>	<b>Differentiators</b>	<b>Extras</b>																																				
<p>Homeowners in the Dallas/Ft. Worth area.</p>	<p>Fewer contractors which reduce cost, with greater design flexibility</p>	<p>We will create long lasting relationships with contractors to create savings for our customers.</p>																																				
<b>Marketing</b>	<b>Start-up Costs</b>	<b>Financials &amp; Extras</b>																																				
<p>Local realtors, sign, mobile home sites and customer referrals.</p>	<table border="0"> <tr> <td>Sales:</td> <td style="text-align: right;">\$ 1,055,000</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>COGS</td> <td style="text-align: right;">704,000</td> <td style="text-align: right;">67%</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">351,000</td> <td style="text-align: right;">33%</td> </tr> <tr> <td>Overhead</td> <td style="text-align: right;">100,300</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>Pretax income</td> <td style="text-align: right;">250,600</td> <td style="text-align: right;">24%</td> </tr> <tr> <td>Tax expense</td> <td style="text-align: right;">62,600</td> <td style="text-align: right;">6%</td> </tr> <tr> <td>Owner withdrawals</td> <td style="text-align: right;">55,000</td> <td style="text-align: right;">5%</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">\$ 132,900</td> <td style="text-align: right;">13%</td> </tr> </table>	Sales:	\$ 1,055,000	100%	COGS	704,000	67%	Gross profit	351,000	33%	Overhead	100,300	10%	Pretax income	250,600	24%	Tax expense	62,600	6%	Owner withdrawals	55,000	5%	Net income	\$ 132,900	13%	<table border="0"> <tr> <td>Owner investment - cash</td> <td style="text-align: right;">\$ 24,000</td> </tr> <tr> <td>Owner investment - equipment</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Vehicle and/or equipment loan</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Start up financing</td> <td style="text-align: right;">42,200</td> </tr> <tr> <td><b>Total start up costs:</b></td> <td style="text-align: right;"><b><u>\$ 66,200</u></b></td> </tr> <tr> <td><b>Plan Purpose:</b></td> <td style="text-align: right;">Startup</td> </tr> </table>	Owner investment - cash	\$ 24,000	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	42,200	<b>Total start up costs:</b>	<b><u>\$ 66,200</u></b>	<b>Plan Purpose:</b>	Startup
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<b>Personal Fit</b>																																						

I have always wanted my own business but have waited. Now I will have one based on the values that will be long standing in both my personal and professional life. Integrity accountability and discipline are the backbone of my successful endeavors.

## **PERSONAL FIT**

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On November 2, 1972 I was born in Phoenix, Arizona. I was born to a troubled 19 year old mother who was alone and a drug addict. When I was well enough to travel at just a few weeks old, we returned to Texas to live with her mother and father. I never got the opportunity to meet or even know who my father was. At some point in my first few years of life I was adopted by my grandparents to be raised as their own. Yes I know my mom was my mom which just seemed to make things that much more confusing. My grandparents raised me the very best that they could. I never really knew what a bad home & life was after that. My grandparents were good hard working people who gave me all that they possible could. Most importantly I knew they loved and cherished me.

During my school years I was a pretty good student. At least until I got into the sixth grade. At this point in my life, my teenage years I had already began to drink and use drugs. These activities were supposed to just be for fun however things went downhill fast. I began to rebel in my teen years. I think mostly because I could not understand why my own mother and father did not want me. This led to greater problems and addictions as I got older. As a result of these problems I was asked to leave our home at the age of 15 years old. By the time I was 21 years old I was on my way to prison for the first time. When I was released in 1995 I continued the dysfunctional life until October 1996 when I was incarcerated for a D.W.I. By November I was charged for Homicide and thought my life was over. I continued my destructive patterns well into the 25 year sentence that I received for that Homicide charge. Quickly I spiraled out of control until I found myself confined as a member of a security threat group and placed in administrative segregation

At this new bottom I found my crossroads. Drug addicted and at the end I found Christ. As I became stronger in this new faith and got away from the drugs by his grace I made it out of segregation. I acquired two degrees in Business Management and Welding Technologies. My new passions are Jesus Christ and education.

Today I am at the point where PEP can help the most. This program is helping expound upon my behavioral modification that are well needed. We never stop changing and the better we are at accepting change the better we are as human beings. The business aspect is great but learning to live by ten simple driving values will change my life forever. I will never touch another drop of alcohol or another drug this is my commitment to myself as well all who are a part of my life. There is simply no room for it. When drugs or alcohol are not a part of my life, which they haven't been since 2007 I am a trustworthy individual. When I give my word to someone it means something to me. The accountability process is very important to me in a way it was not before. After my release I plan to start my business within 24 months. This will give me time to prove to those willing to help me that my actions speak for them self. PEP has become a way of life for me, one of which I am proud of. I will be released August 2020.

## **OPPORTUNITY**

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- Can I solve the problem given my skills and personality?
  - Yes, I have 8 yrs. Experience.

- Is the customer looking for a more holistic solution than his or her immediate complaint?
  - No.
- Do I need to do all of the work myself or can I hire others to help me and still maintain quality?
  - I will be the principal welder for MSI and I will ensure quality in every set of the home building project. I will hire expert carpenters and design professionals.
- Is there growth potential to expand my business, or is this a dying market?
  - Yes.
- How soon can I get my business up and running?
  - Within 24 months of my release.
- Is this something that will take a lot of cash to get started or is it more of a question of hustle?
  - I will take 150-180 thousand to launch this venture.
- Is this something I would be proud to share with my family and parole officer?
  - Yes.
- Is the opportunity (Activity and Start Date) consistent with potential parole restrictions?
  - Yes, building homes builds communities.
- Would my business start as a part-time venture or need to be full time?
  - Full time.

## SOLUTION

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- Is what I am offering filling the customer's real need?
  - Yes.
- What are the benefits (not features) that I am providing?
  - Less expensive and built on modern concepts as a future investment.
- Why can I do this better than another business (competitor)?
  - We will work to be responsible with the environment around us.
- How will I deliver this better idea to my customers?
  - Trending, social media, industry associations and industry publications.
- Is my delivery (retail store, home service, etc.) consistent with how I will produce the service (one-day delivery, hand-made products, etc.)?
  - N/A
- Is my solution consistent with my passion for selling?
  - N/A
- Is the price of my solution equal to or less than the customer's pain?
  - We have a wide variety of pricing for the homes and products we offer.
- Is the approximate cost of my solution lower than the price?
  - Time is our main cost while the value points of our business are our experience and education in the industry.

- Do I need a fixed location (Storefront) or is this a mobile business?
  - We are home builders who can build at almost any location.
- Do I offer a guaranty or return policy?
  - We offer satisfaction guaranteed policy.

## **CUSTOMERS**

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### **Demographics:**

- Will my service have different appeal to men versus women?
  - Our homes and or getaways do have appeal differences for men and women.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
  - Our ideal customers age will be from the early 20s and up who need or want a home built.
- Does my customer need to be married, single or does it matter?
  - It would not matter if our customers are married or single. We have a home in mind for you.
- Do language or ethnicity differences improve or limit my ability to sell to my ideal customer?
  - N/A
- What aspect of my ideal customer am I appealing to (outdoors person, health conscious, nerd, their personal image, environmental concerns, recreation, etc.)?
  - We ask for your vision so that we can deliver a truly one of a kind concept for your needs.

### **Income:**

- Does my customer need a certain income (rich, middle class, poor)?
  - We will target the 30K-190K market at the launch of MSI construction.
- Does my customer need to own specific assets (car, house, boat)?
  - The assets of the owner will not be a factor to consider.

### **Location:**

- Where will I sell to my customers (their home, their workplace, on the street, online, my store, an event like trades day)?
  - MSI Construction will be serving the greater DFW area.
- Do I go to my customer (home service) or does my customer come to me?
  - We will respond to our customers at their building location.
- What neighborhood will my ideal customer live/work in (River Oaks/Highland park, a suburb, or small rural community)?
  - Our ideal customers will be of a diverse community and varying income levels.
- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
  - My target customers will be within a 30 mile radius of our location.

**Other:**

- Can I reach these individuals as a group or do I need to find and sell to them individually?
  - We will be able to market to large groups of people.
- Once I sell to a customer, what is the likelihood that they will buy from me again?
  - We are committed to customer service both at initial contact as well as in the future. We expect the greatest likelihood of future sales to previous customers once an initial sale has been made.

**DIFFERENTIATORS**

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<b>My Competitors</b>	<b>Direct or Indirect</b>	<b>Promotion</b>	<b>Price</b>	<b>Their Advantages</b>	<b>Their Disadvantages</b>	<b>My Differentiators</b>
KB Homes	Direct	Social media, industry associations, industry publications	\$150k & Up	Produces homes quickly	Sell homes in big developed subdivisions, High markup	Lower cash, Fewer subcontractors, Rural areas, Fewer neighbors
Tilson Homes	Direct	Social media, industry associations, industry publications	\$120k & Up	Sell homes in big subdivisions	Sell homes in big developed subdivisions	Lower cash, Fewer subcontractors, Rural areas, Fewer neighbors
Rural Area Custom Home Builders	Direct/Indirect	Social media, industry associations, industry publications	Varies	Produces homes quickly, fully customized	Priced too high for target market	Lower cash, Fewer subcontractors, Rural areas, Fewer neighbors

## **EXTRAS**

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### **External Extras:**

- Do you have a connection with a supplier in your industry?
  - We do have connections with suppliers that will help keep costs down.
- Do you have access to a favorable location for your business?
  - I will be in search of a facility between Dallas & Ft. Worth.
- Are you going to be the first company of your type in your chosen area operations?
  - I am not the only company of this type.

### **Internal Extras:**

- Do you have a new or cutting edge concept?
  - While this is not a new cutting edge concept it is however a growing market.
- Will you be able to offer specialized or flexible scheduling that your competitors cannot match initially?
  - Our training is on par with our competitors.
- Are you an especially charming or personable person?
  - I am a people person. I like to be able to help someone's dream come true.

## **MARKETING**

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### **Message:**

- What are three things your company name (with no other information provided) says about your company?
  - Different ideas on living, quality designs and modern concepts.
- What is your tagline?
  - We build modern concepts for the future.
- How does your name and tagline make you different than your competitors?
  - Our name and tag line represent our dedication to quality and customer loyalty.
- Can your message be effectively conveyed through multiple types of media?
  - Yes.
- Is your message effective across different demographics?
  - Yes our customers will be of all demographic backgrounds.
- Is your pricing consistent with the market for similar offerings?
  - Yes we do have consistent pricing for competitive advantage.
- Is your pricing consistent with the degree of personalization?
  - Yes. While size will dictate and determine the price our level of quality is unmatched.

### **Media:**

- What are three types of media you will use to reach your customers?
  - Social media, industry associations, publications and signs.

- How many potential typical customers (not just total people) can you reach each month using the types listed above?
  - I intend to reach 6 customers a month.
- Once you've reached your typical customer, how many will actually buy from you?
  - We project one new customer will buy a home each month.
- For each of the three, what do you think the estimated cost will be?
  - The local realtor will cost 6% of the home cost, sight signs are \$500, and model home is \$50,000.
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
  - All avenues are a one time.
- How will you collect customer reviews?
  - I will collect customer reviews through realtor's websites.

## RESUME

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### **Jimmy**

1100 Hwy 1807

Venus, TX 76084

Cell 999-999-999, myaccount@gmail.com

### **Experience**

*2014-2019*

#### ***Diesel Mechanic***

Worked on TDCJ vehicles

#### ***Welder/ Fabricator***

*2014-2019*

Special projects team leader and coordinator

- **Overhead Crane Operator**
- **ASE Diesel Mechanic**
- **Certified Welder**
- **Team Leader**
- **Commercial Construction**
- **Residential Construction**
- **Auto repair**
- **Fabrication specialist**

### **Education/Certifications**

#### ***PEP***

*May 2019-January 2020*

Values-based entrepreneurship program of intensive three-month leadership academy and six-month business plan competition with training in business, marketing, finance and competitive strategies. Participants are coached by top executives and MBA advisors from universities across the country culminating in a 30-minute presentation to CEOs and investors. Graduates earn certificate in Entrepreneurship from Baylor University's Hankamer School of Business.

#### ***Alpha Beta Gama***

*2014-2017*

Business management graduate

Owner's name	Jimmy
Company name	MSI Construction
<b>NAICS Business Classification</b>	
Sector (general classification)	_23_Construction
Sub-sector (more specific classification)	236: Construction of Buildings

**Start-up Costs  
Year 1**

**Assumption 4 - Total Uses**

<b>Non-Depreciable Costs</b>	Paid or contributed in Month 1
marketing, business cards, fliers	800
cell phone purchase	500
car/truck down payment, if leased	1,000
permits	500
supplies, office & misc.	1,000
Insurance	1,000
Buildsite	3,000
Materials	3,500
Contractor Fees	33,000
<b>Cash needed for start-up expenses</b>	<b>44,300</b>

<b>Depreciable Costs</b>	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	400		400
company trailer	1,500		
computer, printer, fax	1,500		1,500
	8,000		8,000
			-
			-
building/office deposit	1,000	N/A	N/A
beginning cash balance	9,500	N/A	N/A
<b>Cash needed for start-up assets</b>	<b>21,900</b>	<b>-</b>	<b>9,900</b>

60 assumed life (months)  
165 monthly depreciation

**Total start up cost** **66,200**

**Assumption 5 - Total Sources**

Cash owner will contribute and the value of owner's assets contributed to company	24,000	36%
Vehicle loan and other equipment debt (see note 7 for financing)	-	0%
Startup financing, if applicable (for example Kiva loan)	42,200	64%
Outside equity investment, if applicable		0%
<b>Total start up cost, total sources</b>	<b>66,200</b>	<b>100%</b>



**Jimmy dba MSI Construction**  
**Projected Income and Cash Flow Statements**  
**Year 1**

	Assump- tions	Start-up Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	First Year	% of Total Revenue
Revenue	2														
1000 Sq. Ft. Home	6	-	95,000	-	95,000	-	95,000	-	190,000	-	95,000	-	190,000	760,000	72%
Merch Booth	6	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	220,000	21%
"Tiki" Lounge	6	-	-	15,000	-	15,000	-	15,000	-	15,000	-	15,000	-	75,000	7%
<b>Total revenue</b>		-	115,000	35,000	115,000	35,000	115,000	35,000	210,000	35,000	115,000	35,000	210,000	1,055,000	100%
Cost of Goods Sold	2														
1000 Sq. Ft. Home	6	-	68,000	-	68,000	-	68,000	-	136,000	-	68,000	-	136,000	544,000	52%
Merch Booth	6	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	110,000	10%
"Tiki" Lounge	6	-	-	10,000	-	10,000	-	10,000	-	10,000	-	10,000	-	50,000	5%
<b>Total COGS</b>		-	78,000	20,000	78,000	20,000	78,000	20,000	146,000	20,000	78,000	20,000	146,000	704,000	67%
<b>Gross profit</b>		-	37,000	15,000	37,000	15,000	37,000	15,000	64,000	15,000	37,000	15,000	64,000	351,000	33%
Expenses	2														
Auto or truck lease		1,000	400	400	400	400	400	400	400	400	400	400	400	5,400	1%
Depreciation	3	-	165	165	165	165	165	165	165	165	165	165	165	1,815	0%
Gasoline & fuels	-	-	200	200	200	200	200	200	200	200	200	200	200	2,200	0%
Insurance - bonding	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Insurance - vehicle	-	-	150	150	150	150	150	150	150	150	150	150	150	1,650	0%
Interest - equip & start up	7	-	-	-	281	278	274	270	266	262	258	254	250	2,392	0%
Marketing		800					300						300	1,400	0%
Office - rent	-	-	200	200	200	200	200	200	200	200	200	200	200	2,200	0%
Office - insurance	-	-												-	0%
Office - telephone	-	-												-	0%
Office - utilities	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Payroll - not owner and not in COGS	8	-	5,440	-	5,440	-	5,440	-	5,440	-	5,440	-	5,440	32,640	3%
Payroll taxes (9%)	6 & 8	-	490	-	490	-	490	-	490	-	490	-	490	2,938	0%
Permits		500	25	25	25	25	25	25	25	25	25	25	25	775	0%
Supplies		1,000	50	50	50	50	50	50	50	50	50	50	50	1,550	0%
Tax service	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Telephone - cellular		500	100	100	100	100	100	100	100	100	100	100	100	1,600	0%
Start-up expenses		40,500	-	-	-	-	-	-	-	-	-	-	-	40,500	4%
														-	0%
														-	0%
														-	0%
														-	0%
														-	0%
														-	0%
														-	0%
<b>Total expenses</b>		44,300	7,520	1,590	7,801	1,868	8,093	1,860	7,785	1,852	7,778	1,844	8,070	100,360	10%
<b>Taxable profit (loss)</b>	1	(44,300)	29,480	13,410	29,199	13,132	28,907	13,140	56,215	13,148	29,222	13,156	55,930	250,640	24%
Tax (expense) benefit	1	-	-	-	-	-	(17,457)	-	-	(20,626)	-	-	(24,577)	(62,660)	-6%
Owner's withdrawals	1	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(55,000)	-5%
<b>Net profit (loss)</b>		(44,300)	24,480	8,410	24,199	8,132	6,450	8,140	51,215	(12,478)	24,222	8,156	26,353	132,980	13%
Depreciation	3	-	165	165	165	165	165	165	165	165	165	165	165	1,815	
Equipment purchases	3	(12,400)	-	-	-	-	-	-	-	-	-	-	-	(12,400)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	42,200	-	-	(574)	(578)	(582)	(586)	(590)	(594)	(598)	(602)	(606)	36,891	
Owner contribution	3	24,000	-	-	-	-	-	-	-	-	-	-	-	24,000	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash flow</b>		9,500	24,645	8,575	23,790	7,719	6,033	7,719	50,790	(12,906)	23,790	7,719	25,913	183,286	
Cash, period start		-	9,500	34,145	42,720	66,510	74,229	80,262	87,981	138,771	125,865	149,654	157,374	-	
<b>Cash, period end</b>		9,500	34,145	42,720	66,510	74,229	80,262	87,981	138,771	125,865	149,654	157,374	183,286	183,286	